

Message Text

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PAGE 01 STATE 101164

45

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COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

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FM SECSTATE WASHDC

TO AMEMBASSY TEGUCIGALPA

INFO USDEL MTN GENEVA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY MEXICO

AMEMBASSY GUATEMALA

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E.O. 11652: N/A

TAGS: ETRD, MTN, HO

SUBJECT: U.S. TARIFFS ON HONDURAN AGRICULTURAL EXPORTS

REF: TEGUCIGALPA 1482 (NOTAL)

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PAGE 02 STATE 101164

1. THE UNITED STATES GENERALIZED SYSTEM OF PREFERENCES

(GSP) IS PRIMARILY DESIGNED TO ASSIST THE DEVELOPMENT OF MANUFACTURED AND SEMI-MANUFACTURED EXPORTS OF DEVELOPING COUNTRIES. AS SUCH, RELATIVELY FEW AGRICULTURAL PRODUCTS ARE INCLUDED IN GSP. IN PREPARING THE LIST OF PRODUCTS ELIGIBLE FOR GSP, AN INTERAGENCY COMMITTEE EXAMINED THE TARIFF ITEMS FOR MELON (TSUS 148.10 THROUGH 148.30) AND CONCLUDED THAT THE PRODUCTS WERE NOT APPROPRIATE FOR GSP.

2. THE U.S. AND HONDURAS ARE PARTICIPANTS IN THE MULTI-LATERAL TRADE NEGOTIATIONS (MTN) IN GENEVA, SWITZERLAND, HONDURAS IS NEGOTIATING AS A MEMBER OF THE CENTRAL AMERICAN COMMON MARKET (CACM). PRESUMABLY, HONDURAS WILL ACCEDE TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) AT THE CONCLUSION OF THE MTN IN ORDER TO RECEIVE THE FULL BENEFITS OF GATT MEMBERSHIP.

3. THE MTN CONSISTS OF SEVERAL NEGOTIATING GROUPS. TARIFF NEGOTIATIONS ARE OCCURRING IN TWO OF THESE GROUPS. THE TARGET FOR COMPLETING THE TARIFF NEGOTIATIONS IS THE END OF 1977. CURRENTLY, THE TARIFFS GROUP IS NEGOTIATING OVER AN APPROPRIATE FORMULA FOR TARIFF REDUCTIONS. AT A LATER STAGE, THE TARIFF GROUP WILL DISCUSS THE PRODUCTS TO WHICH THE FORMULA SHOULD APPLY.

4. THE TROPICAL PRODUCTS GROUP IS FOCUSSED ON ITS ATTENTION ON THE REDUCTION OF TARIFFS OF PARTICULAR INTEREST TO LDCS. THESE NEGOTIATIONS ARE PROGRESSING MORE RAPIDLY. THE NEGOTIATIONS ARE EXPECTED TO CONCLUDE BEFORE THE END OF 1976.

5. IN THE TROPICAL PRODUCTS GROUP, CACM HAS REQUESTED TARIFF REDUCTIONS FOR CANTALOPES AND WATERMELONS. THE U.S. HAS OFFERED A SEASONAL REDUCTION FOR JANUARY AND FEBRUARY FOR CANTALOPES. WHETHER AND TO WHAT EXTENT THE UNITED STATES WILL CONCLUDE AN AGREEMENT THAT OFFERS BENEFITS TO ITS TRADING PARTNERS DEPENDS DIRECTLY ON THE CONCESSIONS THAT OUR TRADING PARTNERS ARE WILLING TO GIVE. IN THE PARTICULAR CASE OF MELONS, MEXICO WOULD BE THE PRINCIPAL BENEFICIARY OF ANY U.S. TARIFF CONCESSION
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PAGE 03 STATE 101164

AND WE WOULD EXPECT MEXICO TO PROVIDE THE MAIN CONCESSIONS OF BENEFIT TO THE UNITED STATES. WE WOULD ALSO EXPECT, HOWEVER, APPROPRIATE CONTRIBUTIONS FROM OTHER BENEFICIARIES, INCLUDING HONDURAS.

6. ALTHOUGH NO DECISION WILL BE MADE IN THE IMMEDIATE FUTURE, THE UNITED STATES MIGHT BE PREPARED TO MAKE A FURTHER TARIFF OFFER ON MELONS LATER IN THE MTN IN THE

TARIFF GROUP NEGOTIATIONS. THE POSSIBILITIES FOR SUCH OFFERS WILL DEPEND, IN PART, ON WHETHER TRADING PARTNERS ARE FORTHCOMING WITH CONCESSIONS.

7. THE UNITED STATES HARVESTS ITS CANTALOPES FROM EARLY SPRING UNTIL EARLY DECEMBER. THIS CROP IS CHARACTERIZED BY HIGH INITIAL INVESTMENT TO ENTATHER DAMANGE. HIGH SENSITIVITY TO DISEASE AND WEATHER DAMANGE. CONSEQUENTLY, IN ORDER TO JUSTIFY THE RELATIVELY HIGH RISKS, GROWERS MUST DO WELL IN THE FIRST FEW WEEKS OF THE SEASON WHEN MARKET PRICES ARE RELATIVELY HIGH. TARIFF CONCESSIONS WHICH MIGHT AFFECT THE MARKET PRICE STRUCTURE COULD ADVERSELY AFFECT U.S. DOMESTIC PRODUCERS.

8. THE EMBASSY SHOULD DRAW ON THE ABOVE PARAGRAPHS IN REPLYING TO THE MINISTRY OF ECONOMY, STRESSING THAT THE MOST APPROPRIATE WAY OF OBTAINING MORE FAVORABLE TARIFF TREATMENT WOULD BE THROUGH THE MTN AND OUR ABILITY TO BE FORTHCOMING IN THAT FORUM DEPENDS ON THE CONCESSIONS OFFERED BY OUR TRADING PARTNERS.

9. UNITED BRANDS HAS DISCUSSED THIS ISSUE WITH STR AND THE REPLY WAS ALONG THE ABOVE LINES. SISCO

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